

	Division:	Human Resources (HR)
	Title:	Standard Operating Procedures - ER
	Procedure:	Processing Back Pay Awards
	Original Effective Date:	7/20/2015
	Revised Effective Date:	

Processing Back Pay

Back pay is payment for any period of time that an employee was not paid, such as for a suspension without pay or a dismissal. It also includes payment making up the difference for any period of time that the employee's pay was reduced, such as through a disciplinary demotion. Back pay is awarded pursuant to a settlement agreement or a decision/order from the Secretary, an ALJ, or a judge.

1. Complete a PCR to reinstate the employee into a vacant position on a current basis (if applicable). Ensure that the employee's benefit information is correct.
2. E-mail Central Office ER to let them know that you have initiated the PCR so they can approve it.
 - a. **If the action is over 30 days old, the Central Office ER will send the PCR to OSHR for approval instead of approving the action.**
3. Have the employee sign the request for a statement of Unemployment Insurance (UI) benefits (if applicable) from the ESC (sample letter below). Fax the request to the Division of Employment Security, Legal Services Section at 919-715-7194. The telephone number is 919-707-1025.
4. Once you have the interim earnings information (i.e., UI benefits, earned income, etc.), complete the Statement of Back Pay form (PD-14) (link below) and have it signed by the Director and the employee and then notarized.
[http://www.oshr.nc.gov/Guide/Policies/7_Discipline,%20Appeals%20and%20Grievances/PD-14 Statement of Back Pay.pdf](http://www.oshr.nc.gov/Guide/Policies/7_Discipline,%20Appeals%20and%20Grievances/PD-14%20Statement%20of%20Back%20Pay.pdf)
5. Mail the original, notarized PD-14 with the ESC statement of UI benefits (if applicable) and the signed agreement or decision/order to Central Office ER. Central ER will forward to OSHR for review and OSBM's approval.
6. Once you receive the PD-14 with OSBM's approval, fax a letter (sample below) to the Retirement System requesting the cost of the employee and employer contributions on the back pay along with a copy of the PD-14 and the agreement or decision/order.
7. Initiate any necessary PCRs to align/correct the employees history (i.e., transfer to another position; change action reason; etc.).
 - a. Approved PCRs should be held in the HR staff's que/in-box, until action list is ready to be submitted to BSS. **Do not set the PCR to complete.**
 - b. **If the action is over 30 days old, the Central Office ER will send the PCR to OSHR for approval instead of approving the action.**

8. Complete a Settlement Action List (link below) and Time Entry List. These lists address step by step what BSS needs to do to update/correct the employee's record.
http://www.osc.nc.gov/training/osctd/help/Payroll/Job%20Aids/Settlement_Action_Checklist.pdf
9. E-mail Best Shared Services (BSS) at best@osc.nc.gov, AND **copy the BSS HR Specialist**, and request that he/she open a ticket.
 - a. **Subject line:** Back Pay for EMPLOYEE NAME – PERSONNEL NUMBER
 - b. In the body of the e-mail include: “Assigned Group – Payroll – Tier 3 Payroll – General Ledger Team”
 - c. Explain that you are processing a settlement agreement or decision/order, and you will scan/attach (or fax) the:
 - i. Settlement agreement or decision/order
 - ii. Statement of Back Pay (PD-14)
 - iii. ESC statement (if applicable)
 - iv. Retirement System statement
 - v. Health insurance information (i.e., what plan option the employee was on prior to dismissal) and
 - vi. Any other information that should be included to document your request (i.e., your Settlement Action List, Time Entry List, any PCR numbers connected with this process, etc.)
10. If information is faxed, record the ticket number on all of the documentation required for the transaction (i.e. settlement agreement or decision/order, PD-14, etc.)
 - a. You do not need to do this if information is scanned/emailed.
11. **BSS will make the necessary changes in the Beacon record** and notify you when everything is completed. BSS will tell you when a check will be cut for back pay. These actions have to be processed in between payroll runs; therefore, it may take some time to complete. BSS needs your written approval in response to the simulation run.
12. Let the employee know the payment amount and the estimated day for receiving the payment. Do not share the simulation (REM statement) with the employee. The employee may contact BSS with questions regarding the payment amount. However, BSS will not discuss the terms of the settlement with the employee.
13. Verify leave accruals to ensure the employee was credited with appropriate vacation/sick leave.
14. Disciplinary Action (102) will have a disciplinary action in the system. Go into the disciplinary action and add a note that states settlement agreement or decision/order, date of agreement or decision/order, and specifics (i.e., resignation in lieu of dismissal, reinstatement, back pay, etc). **Do not** delete or delimit the action.
15. Grievance Action (9834) will still have each step of the grievance entered. The final entry should show the result of the dispute (i.e., settlement agreement or decision/order). **Do not** delete or delimit the action.

16. Pull employee's personnel file to ensure compliance with agreement or decision/order, including correspondence relating to dismissal or other action, noting neutral references, etc.
17. File the agreement or decision/order in your grievance file, separate from employee's personnel file.
18. Notify the employee of the actions taken in accordance with the settlement agreement or decision/order.

Request for UI Benefits Totals
SAMPLE

Via Facsimile: 919-715-7194

DATE

EMPLOYEE NAME
ADDRESS

NC Department of Commerce
Division of Employment Security
Fax: 919-715-7194

Subject: Request For Statement of UI Benefits & Release of Information
EMPLOYEE NAME
FULL SOCIAL

To Whom It May Concern:

I am requesting a record of my total Unemployment Insurance benefits paid from DATE to DATE. This information is needed in order to complete processing of a back pay award. Please fax the information to:

Department of Health and Human Services
DIVISION/FACILITY
ADDRESS
NAME
TITLE
PHONE NUMBER
FAX NUMBER

If additional information is needed, you may contact me at EMPLOYEE'S TELEPHONE NUMBER.

Respectfully,

EMPLOYEE NAME

cc: YOUR NAME

Request for Retirement Contribution Amounts
SAMPLE

Via Facsimile: 919-508-5350

DATE

Retirement Systems Division
MEMBER SERVICES
325 North Salisbury Street
Raleigh, NC 27603
Fax: 919-508-5350

Re: EMPLOYEE NAME
SSN – NUMBER (last four only)
Beacon Personnel No. – NUMBER

To Whom It May Concern:

Attached is a copy of the OSBM approved Statement of Back Pay (PD-14) for EMPLOYEE NAME, pursuant to a [PICK ONE] settlement agreement or decision/order (attached). The dollar amount of the employee and employer contributions on the back pay is needed in order to complete processing the back pay award. The cost information will be forwarded to BEST Shared Services (BSS) for entry into the Beacon HR/Payroll system.

Please send the cost information for the employee and employer contributions to my attention via fax at NUMBER.

I can be reached at NUMBER if you have questions or need additional information. Thank you for assistance in this matter.

Sincerely,

NAME,
TITLE

Attachment: Statement of Back Pay (PD-14)
Settlement Agreement or Decision/Order [PICK ONE]